

## 13N - ORANGE COUNTY TOBACCO SETTLEMENT

### Operational Summary

#### Description:

To administer the use of the County's share of the national Tobacco Settlement in accordance with the conditions set forth in a local initiative, Measure "H", approved by the voters on November 7, 2000.

On November 23, 1998 the major American cigarette manufacturers agreed to a settlement (Master Settlement Agreement, MSA) of litigation brought by the Attorneys General of 46 States (including California), five U.S. territories and the District of Columbia. In addition to restrictions related to cigarette advertising and underage smoking, the MSA requires that the tobacco companies pay the participants an estimated \$206 Billion over the next 25 years. After certain adjustments the payments are distributed on a population basis (2000 census), with California estimated to receive about 12.0%. California's share is split 50-50 between the State and the eligible cities and Counties. Orange County's portion of the local share is about 8.4%.

Although there are not any conditions placed on the use of Tobacco Settlement Revenue (TSR) local share by the MSA or State statute, Measure "H", which takes effect on July 1, 2001 restricts the use of TSR to specific health and public safety initiatives. Measure "H" which has been upheld in the Superior Court, requires the use of TSR be restricted to specific health related categories, 80% and public protection programs, 20%. The specific categories are described herein at the Activity level.

Due to the possibility that tobacco companies could fall into bankruptcy as the result of having to make large payments with litigants, there was a doubt as to whether all dollars budgeted will be fully received after FY 03-04. The actual FY 03-04 payments as of April 30, 2004 were \$181K more than the budgeted amount (\$30.1 million). The actual FY 04-05 payments as of April 30, 2005 were \$307K more than the budgeted amount (\$30.5 million).

Measure "H" applies only to TSR received after July 1, 2001. Please see Fund 14X in program VII for TSR received by the County prior to July 1, 2001.

#### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	31,117,824
Total Final FY 2006-2007	38,431,627
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Strategic Goals:

- Administer the County's share of Tobacco Settlement Revenue (TSR) received on or after July 1, 2001, in strict accordance with the requirements of voter approved Measure "H".

**Seniors & Persons w/Disabilities** - 19% is allocated to this Measure "H" category.

**Emergency Room Physicians & Specialists** - 23% is allocated to this Measure "H" category.

**Tobacco Prevention & Control** - 12% is allocated to this Measure "H" category.

**Child & Family Health Services** - 20% is allocated to this Measure "H" category.

**Comprehensive E.R. Services/Trauma Centers** - 6% is allocated to this Measure "H" category.

**Public Safety Program & Services** - 20%, is allocated to this Measure "H" category. Of the total in the public safety category, \$651,548 will be budgeted for the operation of the 64 bed secured substance abuse program at the Theo Lacy Branch Jail (additional \$861,100 for the above 64-bed program will be budgeted using the remaining public safety category carryover balance in Pre-Measure H TSR Fund-14X). The remainder of the Measure H public safety category balance, \$5,993,650 is allocated to the Theo Lacy Branch Jail Expansion, Phase III (Building "B").

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

The revenue in this fund is used in accordance to Measure "H" allocation and reimbursed to the Health Care Agency and the Sheriff-Coroner according to their claim and the available balance.

### Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev <sup>(1)</sup> As of 6/30/06		Actual Amount	Percent
Total Revenues	39,464,213	38,339,937	35,716,474	38,431,627	2,715,153	7.60
Total Requirements	31,984,920	38,339,937	31,117,824	38,431,627	7,313,803	23.50
Balance	7,479,293	0	4,598,649	0	(4,598,649)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Orange County Tobacco Settlement in the Appendix on page A140

## 13N - Orange County Tobacco Settlement

### Summary of Final Budget by Revenue and Expense Category:

			FY 2005-2006	FY 2005-2006	Change from FY 2005-2006		
	FY 2004-2005		Budget	Actual Exp/Rev <sup>(1)</sup>	FY 2006-2007	Actual	
Revenues/Appropriations	Actual Exp/Rev		As of 6/30/06	As of 6/30/06	Final Budget	Amount	Percent
Miscellaneous Revenues	\$ 30,765,583	\$	30,860,644	\$ 28,237,181	\$ 31,573,906	\$ 3,336,725	11.82%
Total FBA	8,698,630		7,479,293	7,479,293	6,857,721	(621,572)	-8.31
Total Revenues	39,464,213		38,339,937	35,716,474	38,431,627	2,715,153	7.60
Other Financing Uses	31,984,920		38,339,937	31,117,824	38,431,627	7,313,803	23.50
Total Requirements	31,984,920		38,339,937	31,117,824	38,431,627	7,313,803	23.50
Balance	\$ 7,479,293	\$	0	\$ 4,598,649	\$ 0	\$ (4,598,649)	-100.00%

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 Actual Expenditure + Encumbrance included in the "At a Glance" section.

### Final Budget Summary of Seniors & Persons w/Disabilities:

	FY 2004-2005		FY 2005-2006	FY 2005-2006	FY 2006-2007			Change from FY 2005-2006	
			Budget	Actual Exp/Rev <sup>(1)</sup>				Actual	
Revenues/Appropriations		Actual Exp/Rev	As of 6/30/06	As of 6/30/06		Final Budget		Amount	Percent
Miscellaneous Revenues	\$	5,845,461	\$ 5,863,522	\$ 5,365,064	\$	5,999,042	\$	633,978	11.82%
Total FBA		8,698,630	7,479,293	7,479,293		6,857,721		(621,572)	-8.31
Total Revenues		14,544,091	13,342,815	12,844,357		12,856,763		12,406	0.10
Other Financing Uses		31,984,920	10,849,600	12,233,825		11,386,481		(847,344)	-6.93
Total Requirements		31,984,920	10,849,600	12,233,825		11,386,481		(847,344)	-6.93
Balance	\$	(17,440,829)	\$ 2,493,215	\$ 610,532	\$	1,470,282	\$	859,750	140.82%

### Final Budget Summary of Emergency Room Physicians & Specialists:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006	FY 2005-2006	Change from FY 2005-2006						
			Budget	Actual Exp/Rev <sup>(1)</sup>	FY 2006-2007	Actual					
	Actual Exp/Rev		As of 6/30/06	As of 6/30/06	Final Budget	Amount	Percent				
Miscellaneous Revenues	\$	7,076,084	\$	7,097,948	\$	6,494,552	\$	7,261,999	\$	767,447	11.82%
Total Revenues		7,076,084		7,097,948		6,494,552		7,261,999		767,447	11.82
Other Financing Uses		0		7,097,948		6,265,831		7,261,999		996,168	15.90
Total Requirements		0		7,097,948		6,265,831		7,261,999		996,168	15.90
Balance	\$	7,076,084	\$	0	\$	228,721	\$	0	\$	(228,721)	-100.00%

### Final Budget Summary of Tobacco Prevention & Control:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006	FY 2005-2006	FY 2006-2007			Change from FY 2005-2006
	Actual	Exp/Rev	Budget	Actual Exp/Rev <sup>(1)</sup>	Final Budget	Actual	Percent	
			As of 6/30/06	As of 6/30/06		Amount		
Miscellaneous Revenues	\$	3,691,870	\$ 3,703,277	\$ 3,388,462	\$ 3,788,869	\$ 400,407	11.82%	
Total Revenues		3,691,870	3,703,277	3,388,462	3,788,869	400,407	11.82	
Other Financing Uses		0	4,797,591	4,004,599	4,818,329	813,730	20.32	
Total Requirements		0	4,797,591	4,004,599	4,818,329	813,730	20.32	
Balance	\$	3,691,870	\$ (1,094,314)	\$ (616,137)	\$ (1,029,460)	\$ (413,323)	67.08%	

### Final Budget Summary of Child & Family Health Services:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006	FY 2005-2006	Change from FY 2005-2006						
	Actual Exp/Rev		Budget	Actual Exp/Rev <sup>(1)</sup>	FY 2006-2007	Actual					
	As of 6/30/06		As of 6/30/06	As of 6/30/06	Final Budget	Amount	Percent				
Miscellaneous Revenues	\$	6,153,117	\$	6,172,129	\$	5,647,436	\$	6,314,781	\$	667,345	11.82%
Total Revenues		6,153,117		6,172,129		5,647,436		6,314,781		667,345	11.82
Other Financing Uses		0		6,912,575		7,986,028		6,755,603		(1,230,425)	-15.41
Total Requirements		0		6,912,575		7,986,028		6,755,603		(1,230,425)	-15.41
Balance	\$	6,153,117	\$	(740,446)	\$	(2,338,592)	\$	(440,822)	\$	1,897,770	-81.15%

### Final Budget Summary of Comprehensive E.R. Services/Trauma Centers:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006	FY 2005-2006	Change from FY 2005-2006						
	Actual Exp/Rev	Actual Exp/Rev	Budget	Actual Exp/Rev <sup>(1)</sup>	FY 2006-2007	Actual					
			As of 6/30/06	As of 6/30/06	Final Budget	Amount	Percent				
Miscellaneous Revenues	\$	1,845,935	\$	1,851,639	\$	1,694,231	\$	1,894,434	\$	200,203	11.82%
Total Revenues		1,845,935		1,851,639		1,694,231		1,894,434		200,203	11.82
Other Financing Uses		0		1,851,639		79,472		1,894,434		1,814,962	2,283.78
Total Requirements		0		1,851,639		79,472		1,894,434		1,814,962	2,283.78
Balance	\$	1,845,935	\$	0	\$	1,614,759	\$	0	\$	(1,614,759)	-100.00%

### Final Budget Summary of Public Safety Program & Services:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006	FY 2005-2006		Change from FY 2005-2006					
	Actual Exp/Rev		Budget	Actual Exp/Rev <sup>(1)</sup>	FY 2006-2007	Actual					
	As of 6/30/06		As of 6/30/06	As of 6/30/06	Final Budget	Amount	Percent				
Miscellaneous Revenues	\$	6,153,117	\$	6,172,129	\$	5,647,436	\$	6,314,781	\$	667,345	11.82%
Total Revenues		6,153,117		6,172,129		5,647,436		6,314,781		667,345	11.82
Other Financing Uses		0		6,830,584		548,069		6,314,781		5,766,712	1,052.19
Total Requirements		0		6,830,584		548,069		6,314,781		5,766,712	1,052.19
Balance	\$	6,153,117	\$	(658,455)	\$	5,099,367	\$	0	\$	(5,099,367)	-100.00%